

## Message Text

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PAGE 01 STATE 059722

12

ORIGIN AID-59

INFO OCT-01 ADP-00 EA-04 IGA-02 EB-05 SS-07 L-03 INR-09

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R 310059 Z MAR 73  
FM SECSTATE WASHDC  
TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 059722

AIDAC

E. O. 11652: ADS, DECLAS 3/30/75

SUBJECT: IMF STANDBY ARRANGEMENT

REF: STATE 58509

1. BOTH IMF ( ABADJIS) AND INDONESIAN EMBASSY ( ADIWOSO) PHONED AID ( SHAKOW) MARCH 30 TO REPORT THAT AGREEMENT HAD BEEN REACHED MARCH 29 ON NEW STANDBY ARRANGEMENT.
  2. ABADJIS SAID THAT PRESENCE OF ALI WARDHANA, RACHMAT SALEH AND WIJARSO HAD PERMITTED QUICK AGREEMENT ON STANDBY PROVISION RE MEDIUM TERM EXTERNAL BORROWING AND UNDERSTANDING AS TO HOW CONTROLS WOULD BE ADMINISTERED. ABADJIS REITERATED HIS PLEASURE AT DEGREE OF PROGRESS THAT HAD BEEN ACCOMPLISHED IN PAST SEVERAL MONTHS IN PROVIDING GOI WITH GREATER CONTROL OVER PERTAMINA BORROWING AND INVESTMENT PROGRAM. IMF REASONABLY CONFIDENT THAT MOST OF INFORMATION ON 1972/73 OBLIGATIONS NOW IN HAND (\$363 MILLION FOR PERTAMINA, \$48 MILLION FOR OTHERS, TOTAL \$411 MILLION).
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PAGE 02 STATE 059722

3. NEW STANDBY CEILING FOR MEDIUM TERM BORROWING WILL BE \$220 MILLION, OF WHICH PERTAMINA'S SHARE IS \$150 MILLION. ( NOTE: ABADJIS DOES NOT WISH THESE FIGURES TO LEAK OUT AT THIS TIME. UNTIL YOU LEARN THEM FROM GOI OR SCOTT PLEASE HOLD CLOSELY.)

4. LNG AND CILACAP REFINERY PROJECTS NOT INCLUDED IN CEILING. WARDHANA HAS ASSURED IMF/ IBRD THAT GOI IS SEEKING LONGER TERM LENDING FOR THESE PROJECTS. ( WARDHANA INDICATED TO SHAKOW THAT GOI WOULD SEEK TO OBTAIN 20 YEAR TERMS OR BETTER FROM EXIM BANK AND OTHER LENDERS.)

5. TIMING AS FOLLOWS: ( A) FORMAL LETTER FROM WARDHANA TO IMF REQUESTING NEW STANDBY ( ALREADY INITIALED IN DRAFT BY MINISTER) WILL BE PRESENTED TO SCOTT IN JAKARTA EARLY IN APRIL; ( B ) PROPOSED STANDBY AND SUPPORTING PAPERS WILL BE CIRCULATED TO IMF BOARD ABOUT APRIL 16; ( C) BOARD REVIEW HOPED FOR BY END APRIL, WITH APPROVAL PRIOR TO IGGI MEETING.

6. ADIWOSO'S CALL PARTICULARLY DIRECTED TOWARDS AID PROGRAM LOAN. IN LIGHT OF GOI AGREEMENT WITH IMF HE HOPED LOAN COULD NOW BE SIGNED. HE STATED HE WAS SPEAKING ON BEHALF OF ALI WARDHANA AND RACHMAT SALEH. SHAKOW SAID HE WOULD INFORM U. S. MISSION IN JAKARTA BUT THAT BEST COURSE WOULD BE FOR WARDHANA AND SALEH TO TAKE MATTER UP WITH AMBASSADOR AND AID DIRECTOR DIRECTLY; OUR PEOPLE WOULD BE VERY PLEASED TO HEAR THAT AGREEMENT REACHED AND NO DOUBT TIMING OF LOAN SIGNING COULD BE WORKED OUT TO SATISFACTION OF BOTH SIDES. SHAKOW SUGGESTED PERSONAL VIEW THAT IT MIGHT BE WISE TO WAIT AT LEAST UNTIL STANDBY PAPERS CIRCULATED TO IMF BOARD IN MID- APRIL, BUT THAT IN ANY CASE WE WOULD AWAIT RECOMMENDATION FROM JAKARTA AS TO BEST TIMING.

7 . ASSUME YOU MAY BE HEARING SOON FROM ONE OR MORE OF PRINCIPAL ACTORS IN THIS DRAMA. WE SHALL AWAIT YOUR FURTHER ADVICE.  
RUSH

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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